

Michael Milken

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To the Milken Institute community:

Two days ago, I delivered my 27th keynote address to 650 bioscience leaders from 20 countries at the annual Prostate Cancer Foundation Scientific Retreat. Preparing for these keynotes is always an emotional process to which I devote a great deal of time. It's emotional not only because it brings back very vivid memories of 1993, when I was given a cancer diagnosis that I had less than 18 months to live, but also because millions of people are alive today around the world as a result of the PCF's work. And as you know, this week the Milken Institute Future of Health Summit will convene nearly 1000 people to focus on improving access to quality medical care and accelerating treatments for the many life-threatening diseases that still have no clear solution.

More than 45 years ago, I told a group of financial leaders, "No matter what level of success or wealth we achieve, we all want a meaningful life for our children. And your children won't have that unless *all* children in society have the opportunity for meaningful lives. That, I believe, is the goal we should pursue." Today, I believe that more than ever. I'm proud of what the thousands of people who have worked with me over five decades have achieved by democratizing the opportunity to secure economic freedom and accelerating progress on medical research, education, public health, programs for veterans and seniors, the arts and so much more. Yet nothing in my professional life makes me more proud than to have my name associated with your work.

Your dedication to the Institute's mission of creating jobs, widening access to capital and enhancing health is an inspiration to people everywhere. The manifest success of those efforts is recognized around the world. Under the leadership of Mike Klowden and Rich Ditzio, you have achieved that success while adhering to the highest ethical standards.

It is therefore profoundly unfortunate that the essential work of the Institute should be so distorted by today's deceitful *New York Times* opportunity zones article. (An "opportunity zone" is an economically distressed area as defined in the 2017 tax reform law. By providing incentives that direct private capital to these areas, the law brings jobs and greater hope to small businesses, workers and their families.) **The Times knew that what they wrote was false** and yet they published it and misled their readers. I have a thick skin, but I am outraged by attempts to distort your remarkable achievements and those of our colleagues at the Milken Family Foundation, the Prostate Cancer Foundation and other related organizations. I don't intend to let such defamations stand and thus I am writing to correct the record.

What Happened

The *Times* first inquired about our involvement in opportunity zones on September 25th. I asked Geoffrey Moore to reply that same day with a comprehensive statement of facts. In retrospect, it's now clear that the writers weren't interested in these facts—they had already constructed a phony narrative and were not about to be deterred by the truth. On October 9th, they wrote again with a long list of questions, each of which we answered fully. Then, last Monday, they sent 12 more questions. Our detailed four-page response refuted every false statement and insinuation. Yet today's article ignores almost every point in our responses; the few statements from us that they published were incomplete and lacked context.

Jefferson wrote in the Declaration of Independence, “To prove this, let Facts be submitted to a candid world.” Here are some facts from the responses about me that my office sent to the *New York Times* and about which they were fully aware:

- Nearly 30 years ago, we made a decision never to discuss private investments in public for very good reasons. So there can be no conflict and there is no “interconnection” between my business interests and what the *Times* called “a prominent role via the Milken Institute” in recommendations to the Treasury Department. The Milken Institute is independent. Other than the *FasterCures* center, whose focus is medical research, I do not play a “prominent role” in establishing the Institute’s positions. The Institute’s opportunity zone program, like all Institute programs, flows only from the mandate of its mission to promote prosperity, job creation and capital formation. It’s also important to note that no one at the Institute has any specific knowledge of my personal investments and therefore could not do anything to favor those investments. In fact, on the advice of counsel, *one of the reasons we never discuss details of these specific personal investments is to protect the Institute and anyone else from any perceived or actual conflicts of interest.*
- It has been widely known for more than three decades—long before opportunity zones existed—that I have been an investor in Nevada real estate. I am proud to have financed many of the most successful entrepreneurs and enterprises in the state. Collectively, these companies have directly or indirectly provided hundreds of thousands of jobs. But I am not a real estate developer or operator. I am a non-controlling, passive investor. A very small percentage of my investments are in real estate. And less than one-half of one percent of such real estate investments are in opportunity zones through partnerships that others manage.
- Since we have never discussed specific details of my private investments, we didn’t confirm whether or not I am an investor in the Tahoe Reno Industrial Center (TRIC), which comprises more than 100,000 acres. (The site that the *Times* linked me to was described as “less than 700 acres.”) It’s public knowledge that the major participants in TRIC are Tesla, Google, Walmart, Panasonic, Switch, Berkshire Hathaway and Blockchains, among others – companies that collectively employ thousands of people at that center and have already invested more than five billion dollars. (Blockchains alone had purchased 67,000 acres and according to reports actively advocated for opportunity zone status.)

- The *Times* refers to Mr. Bowlby as “my partner” in TRIC in “less than 700 acres.” In that regard, my representatives reached out to the manager and directors of the entity owning the “less than 700 acres” property. Here is what they said:
 - The property was purchased before opportunity zones came into existence. The purchase was made because they believed that it would be a good very-long-term investment as more and more companies were building in TRIC.
 - They have no intention of using opportunity zone funds for the development of the property.
 - Neither Mr. Bowlby, nor his company, nor his partners, nor his investors are managers, investors or directors of the entity.

No Discussions

Various national and local newspapers have written extensively about Nevada opportunity zones and the Tahoe Reno Industrial Center for two years. These articles detailed the interactions with county commissioners, state officials and others and said TRIC should be in an opportunity zone. The articles mention the major investors. In that regard:

- I played no role in any recommendations to any government officials regarding changes in opportunity zone regulations. Let me repeat that because it is at the heart of the *Times* story’s breathless falsifications: I made no attempt to influence, nor did I speak to anyone in government (or the Milken Institute) about proposed changes in opportunity zone regulations.
- As the Treasury Department has already confirmed in a news release, I never discussed my investments in opportunity zones with Secretary Mnuchin or any other officials. Mr. Mnuchin knows nothing about the details of my real estate investments so he couldn’t act with the intent of helping me.
- I never attended any meeting focused on new opportunity zone regulations with any federal agency nor did I ever request any regulation nor did I consult with any Institute representatives who may or may not have interacted with any agency. I had no knowledge of what the Institute recommended and I did not review its work. That has always been my practice.
- When asked if I ever mentioned opportunity zones in discussions with anyone at the Milken Institute, we answered yes—I often discuss, in general terms, Institute programs that help create jobs. But supporting this general concept should not be confused with advocating for specific proposed regulations. That did not occur.

Ignoring the Facts

The previous comments are only a few of the dozens of points we made in response to the *Times*'s inquiries. Because they ignored these points, I can only conclude that they intended to misinform their readers. Finally, let's look at a few other distortions regarding my interaction with the U.S. Treasury Secretary, Steven Mnuchin:

1. The article made it sound as if Secretary Mnuchin made a special trip to meet with me about opportunity zones at the 2018 Milken Institute Global Conference, which is attended by more than 5,000 participants from 60 nations representing every walk of life and every political persuasion. Prominent Democrats and Republicans attend every year and have done so through several administrations. The article said that the Institute "organized" a meeting with Mr. Mnuchin to discuss opportunity zones and implied that I was there. Nothing could be further from the truth and the *Times* is fully aware of that. Mr. Mnuchin made a brief stop in Los Angeles on his way to trade negotiation meetings in China. He was understandably in a hurry and could participate in only two of the 200 conference sessions, one of which was on opportunity zones. I did not attend either session. In fact, at the very time the Secretary was one of five panelists on opportunity zones, I was moderating a separate panel on credit markets in another room. As we told the *Times* reporters, *we never met to discuss opportunity zones*. Anyone can go online to see the full conference agenda on the Institute web site.
2. Mr. Mnuchin and a small group were cleared by the Treasury Department to fly on my plane one time from Washington to Los Angeles. The Secretary sat with his staff and there was not one second of discussion about opportunity zones with me.
3. Every year, the Milken Institute and the Prostate Cancer Foundation jointly host the Hampton Dialogues to raise money for medical research. The dialogues cover many topics, mostly concerning health, in some 20 sessions. There is nothing secretive about these sessions. Anyone can request an invitation. And the *Times* was fully aware that I did disclose that I have some investments in opportunity zones although I did not, of course, disclose details of specific investments. That session was attended by about 50 people, including Lou Ranieri (who created much of America's mortgage market) and Secretary Mnuchin (who is focused on housing finance). At each of the Hamptons sessions, the Milken Institute and Prostate Cancer Foundation distribute handouts that anyone can see online. I spoke about U.S. housing policy, not about opportunity zones. (I often speak and write about housing; see, for example: <http://www.mikemilken.com/pdfs/WSJ-op-ed-on-Restoring-the-American-Dream.pdf>, an article that we sent to the *Times*.) Nothing in my slides references opportunity zones. My slide deck has been seen by thousands of people.

In summary:

- Do I know Steven Mnuchin? Yes.
- Did we ever discuss changes in opportunity zone regulations? No.
- Did anyone at the Milken Institute know any details of my private investments in opportunity zones? No.
- Did anyone at the Treasury Department know any details of my private investments in opportunity zones? No.
- Are the owners of the 688 acres in the Tahoe Reno Industrial Park planning to use opportunity zone funds for the development of the property? No.

The *Times* knew the facts about all these things, but chose to publish something else. That is the definition of a “hit job.” We did everything possible to protect the integrity of our investments and maintain an impenetrable firewall between business and non-profit operations. But unfortunately, as a result of this article, civic-minded investors may make fewer resources available to provide jobs and help communities that need it most.

People sometimes say that if you repeat a lie enough times, it becomes the truth. I don’t believe that. It’s still a lie. In the face of this newspaper’s mendacity, we must persevere in our crucial work at the Milken Institute’s seven centers around the world as well as at the Milken Institute School of Public Health, the Melanoma Research Alliance, the Prostate Cancer Foundation, the Milken Family Foundation and all our non-partisan, non-profit organizations. Too much is at stake.

With sincere thanks for all you do,

A handwritten signature in black ink, appearing to read "Mike".